

HOUSE BILL No. 1896

DIGEST OF INTRODUCED BILL

Citations Affected: IC 8-1-30.

Synopsis: Net metering systems. Establishes a program to encourage investment in and use of renewable electric generating systems. Provides for establishment of a system under which customers that generate electricity through solar energy or wind offset costs of using electricity provided by an electric utility by electricity that the customer generates and returns to the customer's electric utility. Requires electric utilities to permit a certain number of customers to be customer-generators. Requires a customer-generator's system to meet certain safety and performance standards. Authorizes the Indiana utility regulatory commission to take certain actions to regulate the program, including the adoption of rules and the imposition of civil penalties.

Effective: July 1, 1999.

Moses

January 26, 1999, read first time and referred to Committee on Commerce and Economic Development.



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First Regular Session 111th General Assembly (1999)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1998 General Assembly.

HOUSE BILL No. 1896

A BILL FOR AN ACT to amend the Indiana Code concerning utilities and transportation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 8-1-30 IS ADDED TO THE INDIANA CODE AS
2 A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 1999]:

4 **Chapter 30. Net Metering**

5 **Sec. 1. The purpose of this chapter is to establish a program that**
6 **does the following:**

7 (1) **Reduces cost and other barriers to widespread private**
8 **investment in renewable electric energy generating systems.**

9 (2) **Provides for the greatest degree possible of customer**
10 **access to renewable electric energy generating systems.**

11 (3) **Allows photovoltaic and wind turbine technology to**
12 **flourish in Indiana within the framework of both a regulated**
13 **and an unregulated electric energy market.**

14 **Sec. 2. This chapter does not:**

15 (1) **apply to systems; and**

16 (2) **instruct the commission regarding customer owned or**
17 **operated generation;**



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other than net metering systems.

Sec. 3. As used in this chapter, "customer-generator" means a retail electric customer who uses a net metering system.

Sec. 4. (a) As used in this chapter, "electric utility provider" means any of the following regardless of whether subject to the commission's jurisdiction:

(1) A corporation, a company, a partnership, a limited liability company, an individual, an association of individuals, a lessee, a trustee, or a receiver appointed by a court that owns, operates, manages, or controls any plant or equipment in Indiana for the generation, transmission, distribution, or furnishing of electricity.

(2) A municipally owned electric utility (as defined in IC 8-1-2-1(h)).

(3) A rural electric membership corporation.

(b) The term does not include:

(1) a customer-generator; or

(2) a cogeneration facility (as defined in IC 8-1-2.4-2(c)) that is not a net metering system.

Sec. 5. As used in this chapter, "net metering" means either of the following:

(1) Using a single, nondemand, nontime differentiated meter capable of registering the flow of electricity in two (2) directions to measure the difference between:

(A) the amount of electricity delivered by an electric utility provider to a customer-generator; and

(B) electricity generated by a customer-generator and transferred back to the distribution system of the electric utility provider responsible for distributing the electricity; over an entire billing period.

(2) Using a measurement method approved by the commission to measure the difference between:

(A) the amount of electricity delivered by an electric utility provider to a customer-generator; and

(B) the amount of electricity generated by a customer-generator and transferred back to the distribution system of the electric utility provider responsible for distributing the electricity; over an entire billing period.

Sec. 6. As used in this chapter, "net metering system" means a facility for the generation of electrical energy that fulfills all of the following requirements:



(1) The system uses as its energy source either:

(A) solar energy; or

(B) wind;

and has a capacity of not more than one hundred (100) kilowatts.

(2) The system is located on the premises of the customer-generator.

(3) The system operates in parallel with the transmission and distribution facilities that supply a customer-generator with electricity.

(4) The system is intended to offset part or all of the customer-generator's demand for electricity.

Sec. 7. (a) An electric utility provider responsible for distributing electricity shall offer net metering to customer-generators on a first come, first served basis until the cumulative generating capacity of net metering systems equals one percent (1%) of the electric utility provider's 1998 forecast of projected 1999 peak load.

(b) An electric utility may offer net metering in excess of the one percent (1%) limitation of subsection (a).

(c) The 1998 projected peak load forecast for an electric utility provider shall apply to the areas included in the electric utility provider's state franchised monopoly territory as of January 1999 regardless of whether such territories remain under the commission's jurisdiction or continue to be served by exclusive providers.

(d) An electric utility provider responsible for generating electricity shall make any contractual arrangements necessary to accommodate net metering offered, in accordance with this chapter, by an electric utility provider responsible for distributing electricity.

Sec. 8. (a) For purposes of net metering, the electric utility provider responsible for furnishing the customer-generator's meter shall provide the customer-generator an electric meter as described in section 5 of this chapter at no additional charge to the customer-generator.

(b) Any additional cost to an electric utility provider resulting from interconnection of net metering systems shall be recognized by the commission as an ordinary and necessary expense for rate making purposes of the electric utility responsible for distributing electricity.

Sec. 9. An electric utility provider may not charge a



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customer-generator a fee or charge greater than that of other customers in the same general customer class as the customer-generator, as provided in section 12 of this chapter.

Sec. 10. (a) The measurement of net electricity supplied or generated shall be calculated in the following manner:

(1) If the amount of electricity supplied to the customer-generator exceeds the amount of electricity generated by the customer-generator and transferred back to the electric utility provider responsible for distributing the customer-generator's electricity during the monthly billing period, the customer-generator shall be billed for the net amount of electricity supplied under standard billing practices.

(2) If the amount of electricity generated by the customer-generator exceeds the amount of electricity supplied to the customer-generator, the customer-generator shall be credited for the excess kilowatt hours generated during the monthly billing period, with the kilowatt hour credit appearing on the customer-generator's electricity billing for the following month.

(3) At the end of a calendar year, the electric utility provider responsible for generating the customer-generator's electricity shall pay the customer-generator for any unused credit for excess kilowatt hours generated that calendar year at the electric utility provider's avoided cost rate.

(b) The commission shall adopt rules under IC 4-22-2 to establish the avoided cost rate for an electric utility provider that generates electricity.

Sec. 11. (a) A net metering system used by a customer-generator must meet all applicable safety and performance standards established by:

- (1) the national electrical code;
- (2) the Institute for Electrical and Electronics Engineers; and
- (3) Underwriters' Laboratories.

(b) The commission may adopt rules under IC 4-22-2 to establish additional control and testing requirements for net metering systems that the commission determines are necessary to protect the public safety, the safety of utility employees, and system reliability.

(c) An electric utility provider may not require a customer-generator whose net metering system meets the standards of this section to do any of the following:



- (1) Install additional controls.
- (2) Perform or pay for additional tests.
- (3) Purchase additional liability insurance.

Sec. 12. (a) Subject to commission approval, the electric utility provider responsible for distributing electricity shall develop a standard contract or tariff for net metering and make it available to customer-generators on a first come, first served basis as required by section 7 of this chapter.

(b) A net metering contract or tariff must be identical in:

- (1) energy rates;
- (2) rate structure; and
- (3) monthly charges;

to the contract or tariff that customers in the same rate class would be charged if they were not customer-generators.

Sec. 13. Each electric utility provider responsible for distributing electricity shall submit the following information to the commission on an annual basis:

- (1) The number and types of net metering systems in operation within the electric utility provider's customer base.
- (2) The number and types of net metering systems installed during the previous calendar year.
- (3) The strategy used by the electric utility provider to promote net metering to its customers.
- (4) A description of the future plans to expand the use of photovoltaic and wind technology within the electric utility provider's customer base.
- (5) A description of any safety or system reliability problems encountered by the electric utility provider as a result of interconnected net metering systems.
- (6) A description of any projected additional costs to the electric utility provider as a result of interconnected net metering systems.

Sec. 14. (a) The chair of the commission shall submit an annual report regarding the program established under this chapter to the following:

- (1) The governor.
- (2) The general assembly.

(b) The annual report required by this section must include the following:

- (1) The information provided by electric utility providers under section 13 of this chapter.
- (2) Any recommendations by the commission or the utility



consumer counselor to expand or improve the program.

(3) A description of any additional costs to electric utility providers or customer-generators resulting from the net metering program.

(4) A description of any system reliability or safety problems resulting from the net metering program.

(5) Recommendations concerning incentives and policies needed to encourage private investment in photovoltaic and wind technology.

(6) Identification of barriers to the expansion of net metering and further investment in photovoltaic and wind technology.

(7) A calculation of each utility provider's 1998 forecast of projected 1999 peak load offset by net metering systems in Indiana.

(8) Comments and recommendations made by the utility consumer counselor.

(c) The chair of the commission shall make a draft version of the report available for public comment not later than forty-five (45) days before the report is submitted to the governor and the general assembly under subsection (a).

Sec. 15. The commission may adopt rules under IC 4-22-2 to implement this chapter.

Sec. 16. The commission or the office of the utility consumer counselor may audit an electric utility provider at any time to determine the following:

(1) The accuracy of information submitted under section 13 of this chapter.

(2) Compliance with this chapter.

Sec. 17. (a) The commission shall order refunds, with interest, for overcharged customer-generators.

(b) The commission may assess a civil penalty for any of the following:

(1) Information knowingly falsified by an electric utility provider.

(2) Excess charges knowingly assessed by an electric utility provider.

(c) A civil penalty assessed under this section may not exceed twenty-five thousand dollars (\$25,000) for each violation.

(d) Each billing period that an electric utility provider has committed a violation is considered a separate violation.

